



Signal Financial  
Federal Credit Union

# 2023 Annual Report

Empowering You to  
Take Ownership of Your  
Financial Journey

# Chairman & President's Report

## 2023



**François Verleysen**  
President & CEO



**Andrew Mekelburg**  
Chairman of the Board  
of Directors

### 2023 was a year of transformation at Signal Financial Federal Credit Union, all designed to provide our members with a better banking experience.

Over the course of this past year, we prepared for and implemented a successful technology upgrade to our CORE system that now provides you with more solutions, tools, and access to manage your finances your way—anytime, anywhere.

September 17, 2023, also marked the culmination of our 75th year as a credit union. We celebrated this milestone anniversary throughout the year with a variety of member touchpoints and our 8 and 10-months Diamond Share Certificates; our ways of saying “thank you” for being part of the Signal Family.

This year, we also launched our new high yield savings account, Signal Smart™ Savings, which allows you to earn even more on your hard-earned funds. With no minimum balance or transaction requirements, Signal Smart Savings marries flexibility and accessibility with high dividend returns.

Connecting with our members was top of mind in 2023. We upgraded our phone systems and introduced our new chatbot, Sam, to better serve our members. Our new phone system now allows you to receive a callback, and Sam can help answer your questions and, when necessary, connect you with a waiting Signal team member.

Fraud protection and enhanced security were also key priorities for our credit union in 2023. We continued to educate our members on theft trends, ways to prevent fraud and identity theft, and more. We also unveiled our new Digital ID within our mobile app, which allows you to verify your identification and bypass sharing more sensitive

personal information—like social security number—while authenticating your identity with Signal.

2023 also saw us make the difficult decision to close our Largo, MD branch location. This forward-looking decision supports our strategic direction to enhance our members’ digital banking experience, and ultimately aligns further with how our members prefer to manage their finances. We continue to look for a new location and ways to better serve members in Prince George’s county.

We continued to engage with our local communities and in 2023 we participated in the Giant Foods BBQ Food & Music Festival, volunteered at the Cherry Blossom 5k & 10-miler, and celebrated the 20th anniversary of the Washington Area Bicyclist Association’s 50 States Ride. We also made our return to the One Loudoun Tree Lighting Celebration in December, marking our first-time at the event since the COVID-19 pandemic.

Our Board of Directors worked diligently this year, monitoring operations and market conditions, as well as planning for the future of the Credit Union. It is through their unwavering volunteer commitment to our membership that Signal Financial stays at the forefront of the financial industry and empowers our members through their financial journey.

**Thank you for the continuous support of Signal Financial Federal Credit Union. 2023 was just the start of what to expect from Signal in the future.** We’re committed to providing you with even more ways to take ownership of your finances. 2024 will bring more solutions and more ways to bank faster, bank easier, and bank better.

**François Verleysen**  
President & CEO

**Andrew Mekelburg**  
Chairman of the Board of Directors



### 2023 Highlights



Completed successful technology transformation for a greater member experience



Implemented more, improved ways to connect with our members



Enhanced our fraud protection solutions for our members

# Treasurer's Report



Signal Financial continued to adapt to a market environment of high interest rates and consumer spending in 2023.

The Credit Union maintained its successful banking by appointment for its branches and expanded its digital touchpoints with members. With market trends top of mind, Signal worked in 2023 to improve its finances, stay vigilant with its planning, and make positive changes that increase our member solutions.



**\$410M+**  
in total assets



**\$489K+**  
in net Income

Signal Financial ended 2023 with **\$410,356,389 in total assets**. This was a decrease from the prior year of \$39 million due to the following factors: strong consumer spending post-pandemic meant a reduction in liquidity for the Credit Union and share certificates matured resulting in reductions of our total share balances.

Our net loan portfolio also saw a reduction of more than \$33.9 million year-over-year. This was a result of experiencing lower loan demand due to high interest rates in the market.

The decreases in assets and loan balances were offset by operational efficiencies put in place by Signal in 2023, as well as the Employee Retention Credit (ERC), which is a refundable tax credit for retaining employees through the pandemic.

The Credit Union generated a **net income of more than \$489,000 in 2023**, which was impressive given the unique state of today's market.



**Mary McCormick**  
Treasurer

## Supervisory Committee's Report

The Supervisory Committee's role is to protect member assets and ensure that they are properly safeguarded. We provide oversight for the implementation and maintenance of internal controls, and appropriate maintenance and accurate retention of all records.

Our external auditor, DeLeon & Stang, completed an independent financial statement audit for the 2023 year end. We also completed our examination by the National Credit Union Administration (NCUA). Signal was notified of areas of opportunity for the organization. These have been promptly addressed or are in progress of being addressed to the satisfaction of the NCUA.



**Laura Groat**  
Supervisory Committee Chairperson



# Statement of Financial Condition



## Total Liabilities and Members' Equity

**\$410,356,389**  
2023

**\$449,363,168**  
2022



### Assets

	2023	2022
Cash and Cash Equivalents	\$9,918,588	\$10,108,784
Securities – Available-for-Sale	\$63,146,193	\$68,646,235
Other Investments	\$1,405,000	\$2,996,709
Loans, Net	\$309,779,044	\$343,731,387
Accrued Interest Receivable	\$1,005,544	\$1,453,081
Premises and Equipment, Net	\$5,675,499	\$6,200,191
NCUSIF (National Credit Union Share Insurance Fund) Deposit	\$3,516,739	\$3,677,930
Credit Union Owned Life Insurance	\$4,206,521	\$4,270,664
Operating Lease Right of Use Assets	\$2,346,538	\$2,401,815
Other Assets	\$9,356,722	\$5,876,372
<b>Total Assets</b>	<b>\$410,356,389</b>	<b>\$449,363,168</b>



### Liabilities and Members' Equity

	2023	2022
<b>Liabilities</b>		
Members' and Nonmembers' Share and Savings	\$356,030,037	\$372,965,276
Accounts Borrowed Funds	\$27,055,000	\$44,000,000
Accrued Interest Payable	\$79,124	\$40,003
Accrued Expenses and Other Liabilities	\$3,265,559	\$2,883,806
Operating Lease Liabilities	\$2,400,230	\$2,434,796
<b>Total Liabilities</b>	<b>\$388,829,950</b>	<b>\$422,323,881</b>
<b>Members' Equity</b>		
Regular Reserves	\$0	\$6,430,310
Undivided Earnings	\$31,806,961	\$32,935,932
Accumulated Other Comprehensive Loss	\$(10,280,439)	\$(12,326,955)
<b>Total Members' Equity</b>	<b>\$21,526,439</b>	<b>\$27,039,287</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$410,356,389</b>	<b>\$449,363,168</b>



# Statement of Operations



## Net Income

**\$489,052**  
2023

**\$381,995**  
2022



## Interest Income

**2023**

**2022**

Loans	\$16,021,449	\$13,708,707
Investments and Cash Equivalents	\$1,501,667	\$1,521,550
<b>Total Interest Income</b>	<b>\$17,523,116</b>	<b>\$15,230,257</b>



## Interest Expense

Members' and Nonmembers' Share and Savings Accounts	\$3,571,092	\$1,917,975
Interest on Borrowed Funds	\$1,347,293	\$199,444
<b>Total Interest Expense</b>	<b>\$4,918,385</b>	<b>\$2,117,419</b>
<b>Net Interest Income</b>	<b>\$12,604,731</b>	<b>\$13,112,838</b>



## Provision for Loan Losses

Provision for Loan Losses	\$125,000	\$406,000
Net Interest Income After Provision for Loan Losses	\$12,479,731	\$12,706,838



## Non-Interest Income

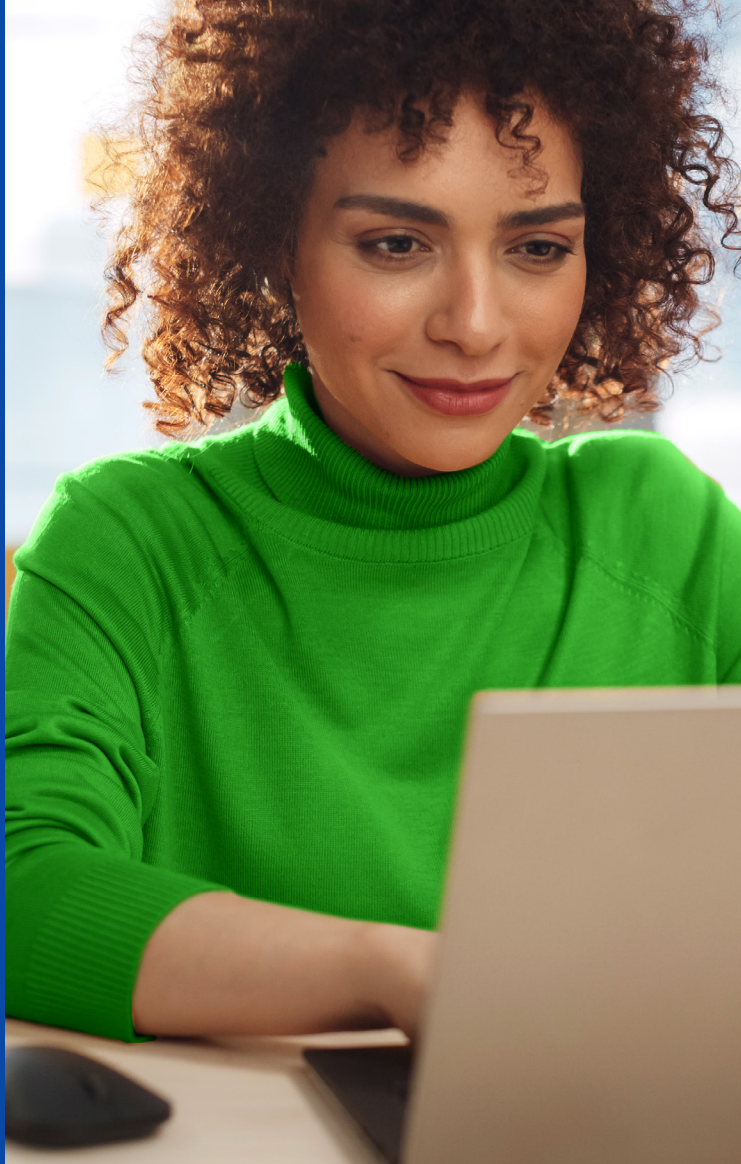
Service Charges and Fees	\$3,158,658	\$4,275,959
Other Non-Interest Income	\$1,137,365	\$227,284
Net Gain on Sale of Assets		\$216
Net Gain on Sale of Loans		\$149,530
<b>Total Non-Interest Income</b>	<b>\$4,296,023</b>	<b>\$4,652,989</b>



## Non-Interest Expense

General and Administrative: Employee Compensation and Benefits	\$8,896,340	\$9,110,981
Office Occupancy and Operations	\$4,199,247	\$5,334,203
Other Operating Expenses	\$3,191,115	\$2,532,648
<b>Total Non-Interest Expense</b>	<b>\$16,286,702</b>	<b>\$16,977,832</b>

<b>Net Income</b>	<b>\$489,052</b>	<b>\$381,995</b>
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## Board of Directors

Andrew Mekelburg, *Chair*  
Jonathan Morrison, *Vice Chair*  
Mary McCormick, *Treasurer*  
Deborah Cullen, *Secretary*  
Frank Qualls, *Director*  
Mark Fieni, *Director*  
Tammy Jeffers, *Director*  
M. Eileen Booker, *Director Emeritus*

## Supervisory Committee

Laura Groat, *Chair*  
Yolanda Arrington  
Abera Abebe

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## Maryland

### Kensington Branch & Main Office

3015 University Boulevard, West  
Kensington, MD 20895

### Leisure World Branch

3701 Rossmoor Boulevard, Admin building  
Silver Spring, MD 20906

## Virginia

### One Loudoun Branch

44747 Brimfield Drive  
Ashburn, VA 20147

## Washington, DC

### City Center Branch

1101 New York Avenue NW  
Washington, DC 20005

## Mobile

Signal On The Go Truck

  
**signalfinancial**  
Federal Credit Union

**Signal Financial  
Federal Credit Union**

3015 University Boulevard, West  
Kensington, MD 20895

301-933-9100

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